



ASSOLOMBARDA
Confindustria Milano Monza e Brianza

Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

Edited by

Research Department

N° 21/October 2017



Preface

Flash update on the short-term economic outlook for Lombardy in comparison with the other highly industrialized regions in Europe - Baden-Württemberg, Bayern, Cataluña, Rhône-Alpes - and in the North of Italy - Veneto, Piedmont, Emilia-Romagna.

Safety on the workplace in Lombardy

In the second quarter of 2017 in Lombardy, taking all economic sectors together, work-related accidents fall by -1.7% per person employed net Cassa Integrazione Guadagni (CIG) and by -0.2% overall (+3.8% in the two-month period July-August 2017). Focusing on the industry sector in Lombardy, over the same period work-related accidents increase by +6.5% per person employed net CIG and by +2.8% overall (+0.8% over July-August 2017).

SUMMARY - Economic performance in Lombardy in comparison with benchmark regions

As to the economy, business confidence survey results anticipate the expansionary phase started in the first six months of the year to continue throughout the second half of 2017. Manufacturing confidence in Milano, Lodi and Monza e Brianza indeed soars and innovative services confidence is at historic highs, while at the same time consumer confidence in the North-West achieves new records.

On the labor market the absorption of the CIG continues (-54% between January and August) and total hiring increases (+12.7% between January and July, though -5.6% permanent contracts).

In this context, credit might pose a risk to future growth, although there are positive signals. In the first quarter of 2017 loans to industry reverse the downward trend (+0.4%, after having contracted for over 5 years), while loans to services keep on growing and considerably (+2.7%). The decline in bankruptcy proceedings continues (-9.4%), while voluntary settlements newly and substantially increase (+10.8%, following the +7.2% over the whole of 2016).

Economic performance in Lombardy in comparison with benchmark regions

As to the economy, business confidence survey results anticipate the expansionary phase started in the first six months of the year to continue throughout the second half of 2017 (+3.2% manufacturing production in Lombardy in the first semester of 2017, up from +1.7% last year; +7.4% exports, up from +0.6% last year). Manufacturing confidence in Milano, Lodi and Monza e Brianza indeed picks up in August after having declined for the previous two months, thanks to the marked improvement in production forecasts over the short term, matched by growing expectations on order books, both on domestic and foreign markets. At the same time, innovative services confidence is at historic highs.

At country level, business confidence improves in Italy and its benchmarks in September: the jump is particularly high in Germany and Italy especially, where confidence soars to its maximum levels since pre-crisis thanks to the gradual strengthening started in the spring. Substantial increases concern also the consumer confidence index, which in the North-West region in September reaches new highs. Such improvement reflects the upward trends in all components, especially economic and future.

The labor market also strengthens: the absorption of the CIG continues over recent months (-54% between January and August) and total hiring increases (+12.7% between January and July, though permanent contracts suffer a -5.6%). Please be reminded that in the second quarter of 2017 the employment rate in Lombardy grew to 67.6% (up from 66.9% a year before) and, at the same time, the unemployment rate fell to 6.1% (down from 6.9%).

Credit might still hinder future growth: in the face of positive signals, from services and industry especially, there are issues to be solved.

In the first quarter of 2017, loans to firms in Lombardy decline again (-0.2%, following -0.2% in the fourth quarter of 2016 and -0.4% in the third quarter) and the pre-crisis gap widens to -14.1%. And yet different sectors follow different trends: the overall contraction by -0.2% entirely owes to the construction sector (-9.4%), while loans to services continue to increase and considerably (+2.7%) and, relevantly, loans to industry reverse the trend (+0.4%), after having declined for over 5 years.

Over the same period, the share of gross "sofferenze" over total assets grows in Lombardy (to 14.5%) and, in absolute terms, the stock of gross "sofferenze" peaks at 33.4 billion euro (up from 5.6 billion in 2008).

Finally, the fall in bankruptcy proceeds in Lombardy strengthens (-9.4%), although voluntary settlements again increase and in a substantial way (+10.8% in the first semester of 2017, after +7.2% over the whole of 2016).



ASSOLOMBARDA
Confindustria Milano Monza e Brianza

www.assolombarda.it
www.assolombardanews.it

